**Introduction to Innovation, IP Management and Entrepreneurship**

**Mid-Term Exam 1**

**(Maximum Marks = 20)**

You are the co-founder of a start-up company that has developed an electric bicycle. You have to select a beachhead market and identify the target end user for this product.

1. What product/service does the customer currently spend on that your product will replace? How much does each product cost? How many of each does the customer buy for the end user? What is the lifetime of the product before it is replaced. What is the annualised revenue from this device? (eg. if customer buys a TV for Rs 50 K that last 5 years, the annualised revenues is Rs 10 K)
2. What is the customer’s available budget? When you look at the market today, how much is being spent to solve the problem you are looking to solve for a typical user? How much money does the customer have (salary/business income)? What fraction of that amount do you see being allocated to solve this problem?
3. Comparables. What are the similar products or data points in different markets that you can use to bolster your TAM analysis? There is no exact comparable if your product is completely new but use data points that are close enough to what you intend to do.
4. What is the profitability, of your product or service. Can you get positive cash flow from beachhead market before expanding to adjacent markets?
5. What is the time required to conquer the beachhead market? How long will it take to succeed or fail in this market?
6. Is this a market that is just starting up and has great growth potential? Or is it a mature market where users have set habits and total market is in decline?